

IN THE DRAWINGS:

Please replace Figures 5 and 6 with replacement sheets 1 and 2 containing amended Figures 5 and 6. Figures 5 and 6 are amended to be properly designated as Prior Art.

REMARKS

Claims 1-11 are now pending in the application. Claims 1-11 stand rejected under 35 U.S.C. § 103(a). Claims 1, 2, 7, 8, and 9 are amended. Figures 5 and 6 are also amended. No new matter is presented. The above amendments and the following remarks are considered by Applicants to overcome each rejection raised by the Examiner and to place the application in condition for allowance. An early Notice of Allowance is therefore requested.

In view of the above amendments and the following remarks, Applicant requests the withdrawal of the rejection of claims 1-11.

I. Objections to the Drawings

Figures 5 and 6 were objected to for not being properly designated as Prior Art. Replacement sheets 1 and 2 containing amended Figures 5 and 6 are submitted to overcome the cited objection. No new matter is presented. Accordingly, Applicants request the withdrawal of the objection of drawings.

II. Rejection of Pending Claims 1-11 Under 35 U.S.C. § 103(a)

Claims 1-11 stand rejected as being anticipated by Watabe (U.S. Patent No. 4,847,475) in view of Kelsey (U.S. Patent No. 5,907,142). This rejection is traversed and believed overcome in view of the following discussion.

A. Relevant Law

"A claim is anticipated if each and every limitation is found either expressly or inherently in a single prior art reference." *Bristol-Myers Squibb v. Ben Venue*, 246 F.3d 1368, 1374 (Fed. Cir. 2001). Identity of invention requires that a prior reference disclose to one of ordinary skill in the art all elements and limitations of the patent claim. *Scripps Clinic v. Genentech*, 927 F.2d 1565, 1576 (Fed. Cir. 1991). Absence from the reference of any claimed element negates anticipation. *Kloster Speedsteel AB v. Crucible, Inc.*, 230 USPQ 81 (Fed. Cir. 1986).

B. Summary of Cited References

Watabe is directed to a read/write apparatus for a magnetic card. More specifically, Watabe discloses a read/write apparatus for a magnetic card having a passage defining means which defines a card conveyance passage along which a flexible magnetic card is conveyed into and out of the apparatus by a conveyance means. A detection means detects the insertion of the magnetic card into the read/write apparatus and arrival of the magnetic card in at least one predetermined conveyance position, and generates detection signals upon detections of these occurrences. A control means causes the conveyance means to convey the magnetic card into and out of the apparatus in response to the detection signals.

Kelsey is directed to a method and apparatus for preventing transaction card fraud. More specifically, Kelsey discloses a transaction card having keypad display, and a microprocessor for receiving and processing numbers and symbols entered through the keypad.

C. Argument

The Examiner asserts that Watabe and Kelsey teach all the features recited in claims 1-11. Specifically, the Examiner indicates that Watabe discloses all the features recited in claims 1, 2, and 7-9 except for a timer that is started after the data is saved and that the saved data is made unavailable for reading after a given time elapses. The Examiner utilizes Kelsey to disclose the deficiencies of Watabe. Applicants respectfully submit that the combination of Watabe and Kelsey fail to teach or suggest all the features of the claimed invention.

The claimed invention provides a card reader which takes a magnetic card at a card insertion port into the card reader and reads data recorded on the magnetic stripe by a magnetic head. The data read is saved and a timer is started and the saved data is made unavailable for reading after a given time elapses. The data being held in the card reader may be used for a fraudulent purpose by a third party. The claimed invention overcomes the problem of holding the data read from the magnetic card internally until a higher level apparatus receives the data. The claimed invention overcomes this problem by providing a system in which the data read is saved and a timer is started and the saved data is made unavailable for reading after a given time elapses.

The Examiner asserts that Kelsey discloses a fraud resistant personally activated transaction card that provides a microprocessor with an optional timer which automatically deactivates the transaction card 12 after a specified period of time. Applicants respectfully disagree.

Kelsey teaches having a timer feature in the card itself. By contrast, independent claims 1, 2, 7, 8, and 9 requires that a timer be provided in the card reader, not in the card. This feature is recited in independent claim 1 as "said data read is saved...wherein said data...is made unavailable". Since the data was read from the card and saved, the time is started on the saved data, meaning that the time has nothing to do with the magnetic card.

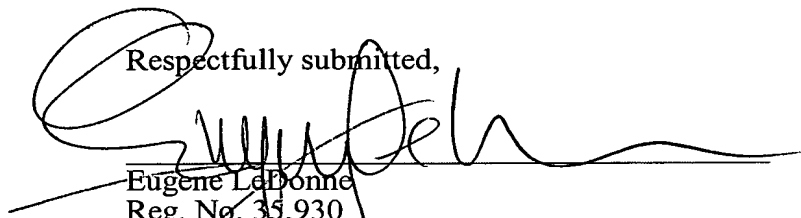
Kelsey merely discloses a timer for a transaction card and not the device which stores the read data for transmission. The method and apparatus taught by Kelsey relates to the transaction card and not a card reader, as in the claimed invention. Moreover, the timer in Kelsey protects the cardholder in the case that the cardholder forgets to press a cancel key 28 located on the card. Furthermore, Kelsey does not provide a function that the saved data for the data transmission to a higher level apparatus is made unavailable for reading after a given time. As a result, the combination of Watabe and Kelsey fail to teach or overcome the problem the present invention solves, which is making the saved data unavailable for reading from the card reader after a given time elapses to prevent fraudulent use. Since the cited references fail to teach or suggest a timer that is provided in the card reader, Applicants respectfully submit that claims 1, 2, 7, 8, and 9 recite patentable subject matter.

Claims 3-6, 10 and 11 are dependent upon claims 1, 2, and 9, therefore, it is submitted that for at least the reasons mentioned above, claims 3-6, 10, and 11 recite patentable subject matter. Accordingly, Applicants request the withdrawal of the rejection of claims 3-6, 10 and 11.

III. Conclusion

In view of the above amendments and remarks, Applicant submits claims 1-11 recite subject matter that is neither taught nor suggested by the applied references. Claims 1, 2, 7, 8, and 9 are amended. Figures 5 and 6 are also amended. No new matter is presented. Thus, for the reasons presented above, claims 1-11 are believed by Applicant to define patentable subject matter and should be passed to issue at the earliest possible time. A Notice of Allowance is requested.

Respectfully submitted,



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